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# United States Senate

WASHINGTON, DC 20510-3603

October 27, 2014

President Barack Obama  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

Dear Mr. President:

The inauguration of Lithuania's first liquefied natural gas (LNG) import facility marks an important step in our European allies' efforts to free themselves from the grip and influence of Russia, which manipulates natural resources markets to advance its foreign policy agenda. Energy assets have always been seen as strategic from a geopolitical perspective, and Russia has long been among the most aggressive at exercising this power.

This aggression has been clearly seen in the way Russia has handled its conflict with Ukraine; not only is it continuing to destabilize the country with military action, it is threatening the health and safety of Ukrainian citizens by threatening to keep gas supplies shut-off through the winter months – the time of the year when they are most needed. Russia cut off gas supplies to Ukraine in June, the third time it has done so since 2005, and is balking at opportunities to resume sales and guarantee supplies into next year.

Lithuania has also experienced the heavy hand of Russia's energy influence; prior to the installation of the new LNG terminal, Lithuania was completely dependent on Russia for its natural gas supplies. Consequently, Russia charges Lithuania prices that are 30% higher than those it charges Germany, and Lithuania is constantly at risk of Russia completely shutting off its natural gas spigot.

The strong arm of Russia's energy exports enables the nation to act as a bully to many of our strongest allies, and it is threatening energy embargoes if political steps are taken that President Putin does not like. Fortunately, the region is bolstering its energy infrastructure with additional LNG import terminals and pipeline capacity, which are lessening Russia's grip.

With that in mind, it is now our responsibility to supply their demand with American natural gas. I applaud the steps your Administration has taken to approve permits for facilities to export LNG to countries with which the United States does not have Free Trade Agreements; it is imperative that you continue building on this success.

Nine non-Free Trade Agreement (FTA) LNG export authorizations have been approved by the Department of Energy, but dozens more are still waiting in the queue. Global demand for LNG is expanding, and the more LNG the United States makes available, the more quickly we will be able to turn the tables on President Putin and ensure the energy security of our friends and allies around the world.

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Supply contracts with LNG export terminals are often negotiated for decades at a time, and the countries with the greatest demand, many of which are in East Asia, are willing to purchase huge quantities of the product at a time to ensure their energy needs are met. If few U.S. terminals are ultimately permitted and constructed, smaller countries with relatively little demand like Lithuania could be left without an American option, unable to secure their supplies because they lack the negotiating power required to compete with larger countries.

This does not have to be the case. Permitting more LNG export facilities will ensure a robust supply of LNG that is able to satiate the demand of our friends and allies. As you consider the foreign policy benefits of exporting LNG, I urge you to consider the real-market conditions which smaller countries like Lithuania are experiencing. Someone must supply Lithuania's needs; the question is: will it be the United States?

It should be. Study after study has shown that the United States will benefit from LNG exports; this remains the case even in scenarios where the market is left to regulate the level of exports without any government intervention. NERA Economic Consulting, which provided an in-depth study of the macroeconomic impacts of LNG exports for the Department of Energy in 2012, updated its report in March 2014, and reiterated its findings that LNG exports would provide net benefits to the U.S. economy, concluding that the U.S. would experience "*net economic benefits resulting from unlimited exports.*"

The United States has every reason to promote robust LNG exports. LNG exports will grow our economy, spur job creation, and improve the strength of our foreign policy by helping our allies secure their energy needs from their friends in the United States instead of their foes in Russia. I urge you to continue opening new markets for U.S. energy products by expanding the ability of U.S. firms to export natural gas.

Sincerely,



James M. Inhofe  
United States Senator